

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

IN THE MATTER OF THE)	DOCKET NO. 21-035-01
APPLICATION OF ROCKY)	Exhibit DPU 2.0 Dir
MOUNTAIN POWER TO INCREASE)	Testimony and Exhibits
THE DEFERRED EBA RATE)	Philip DiDomenico
THROUGH THE ENERGY)	and
BALANCING ACCOUNT)	Dan F. Koehler
MECHANISM.)	

**FOR THE DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE
STATE OF UTAH**

**Testimony of
Philip DiDomenico
and
Dan F. Koehler**

November 5, 2021

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ATTACHMENTS

Exhibit DPU 2.1 Dir, Resumes of Philip DiDomenico and Dan F. Koehler

Exhibit DPU 2.2 Dir, Daymark Energy Advisors EBA Audit Report for Calendar Year
2020 – Public Executive Summary

Confidential Exhibit DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for
Calendar Year 2020

1 **I. Introduction**

2 **Q: Please state your names, business address, and titles.**

3 A: My name is Philip DiDomenico. I am employed by Daymark Energy Advisors, Inc.
4 (“Daymark”) as a Managing Consultant. My business address is 370 Main Street, Suite
5 325, Worcester, Massachusetts, 01608.

6 My name is Dan F. Koehler. I am employed by Daymark as a Managing Consultant and
7 Director of Project Management. My business address is 370 Main Street, Suite 325,
8 Worcester, Massachusetts, 01608.

9 **Q: On whose behalf are you testifying?**

10 A: We are jointly testifying on behalf of the Division of Public Utilities of the State of Utah
11 (the “Division”).

12 **Q: Mr. DiDomenico, please summarize your educational and professional experience.**

13 A: I have a Bachelor of Science in Electrical Engineering (“BSEE”) with a power systems
14 major and a Master’s in Business Administration (“MBA”) degree. I have worked in the
15 electric utility business for 45 years. From 1976 to 1980 I worked at Baltimore Gas &
16 Electric and from 1980 to 1999 I worked at NSTAR Electric & Gas (“NSTAR”). I have
17 held technical and managerial positions covering many aspects of utility engineering,
18 planning, and operations. In 1999, I moved into consulting. Since then, I have worked on
19 projects related to power plant engineering and operations, asset management, resource
20 planning, power plant acquisitions, organizational effectiveness, T&D planning and
21 engineering, and litigation support. I provided outage related analysis in support of
22 Daymark’s EBA audit reports covering calendar years 2015 (Docket No. 16-035-03),

23 2016 (Docket No. 17-035-01), 2017 (Docket No. 18-035-01), 2018 (Docket No. 19-035-
24 01) and 2019 (Docket No. 20-035-01). My resume is included in DPU Exhibit 2.1 Dir.

25 **Q: Mr. DiDomenico, have you previously testified before the Public Service**
26 **Commission of Utah?**

27 A: Yes. I filed testimony in Docket Nos. 16-035-01, 17-035-01, 18-035-01, 19-035-01, and
28 20-035-01 regarding audits of Rocky Mountain Power's ("RMP"), a business unit of
29 PacifiCorp ("PacifiCorp" or the "Company"), Energy Balancing Account ("EBA") costs
30 for calendar years 2015, 2016, 2017, 2018, and 2019, respectively.

31 **Q: Mr. Koehler, please summarize your educational and professional experience.**

32 A: I received a Bachelor of Arts degree in Applied Mathematics with a focus in Economics
33 from Yale University and a Master of Public Policy and Management Degree from the
34 University of Southern Maine. I have worked at Daymark for 11 years, focusing on the
35 firm's utility regulation and planning and market analytics practices. I have provided
36 assistance with analysis and expert testimony development in utility planning cases in
37 front of public utility commissions in Michigan, North Dakota, Arkansas, Wisconsin,
38 Vermont, Utah, and Manitoba. I have operated or supervised production cost modeling
39 using PLEXOS, AURORAxmp and PCI GenTrader on behalf of clients in New England,
40 New York, Ontario, North Carolina, Florida, Indiana, Hawaii, and the Southern Company
41 Balancing Authority Area in the southeast. I have also assisted with rate development or
42 review in Wisconsin, Utah, Massachusetts, and Vermont. Outside of Utah, I have
43 submitted expert testimony before the Michigan Public Service Commission, the New
44 Hampshire Public Utilities Commission, and the Federal Energy Regulatory

45 Commission. I was actively involved in Daymark’s review of the EBA for the last three
46 months of 2011 and calendar years 2012 through 2019. My resume is included in DPU
47 Exhibit 2.1 Dir.

48 **Q: Mr. Koehler, have you previously testified before the Public Service Commission of**
49 **Utah?**

50 A: Yes. I filed testimony in Docket Nos. 15-035-03, 16-035-01, 17-035-01, 18-035-01, 19-
51 035-01, and 20-035-01 regarding audits of RMP’s EBA costs for calendar years 2014
52 through 2019, respectively.

53 **Q: What is the purpose of your testimony?**

54 A: Daymark was retained by the Division to assist in reviewing RMP’s application seeking
55 approval from the Public Service Commission of Utah (“Commission”) to adjust electric
56 rates. The scope of our assignment was to ascertain whether the actual costs included in
57 the EBA filing for the calendar year 2020 were incurred pursuant to an in-place policy or
58 plan, were prudent, and were in the public interest. This direct testimony presents the
59 results and the conclusions from that review.

60 **Q: What Exhibits are you sponsoring?**

61 A: We sponsor three Exhibits. **Exhibit DPU 2.1 Dir, Resumes of Philip DiDomenico and**
62 **Dan F. Koehler** provides copies of our resumes. **Exhibit DPU 2.2 Dir, Daymark**
63 **Energy Advisors EBA Audit Report for Calendar Year 2020 – Public Executive**
64 **Summary** is a summary of our findings and recommendations. This Exhibit does not
65 contain any Confidential information and is publicly available. **Confidential Exhibit**
66 **DPU 2.3 Dir, Daymark Energy Advisors EBA Audit Report for Calendar Year 2020**

67 is our full and complete report. This Exhibit contains material and is based upon
68 information that we received from RMP, which it has identified as Confidential
69 information subject to Commission Rule 746-1-602 and 746-1-603.

70 **II. Daymark's Assignments**

71 **Q: What was the scope of Daymark's assignment in this proceeding?**

72 A: Our first task was to review and assess actual plant outages to ensure that these outages
73 and their cost impact on the EBA charge is appropriate. We examined the information
74 provided as part of the filing and conducted additional discovery. The next assignment
75 was to evaluate a sample of trading transactions for accuracy, completeness, and
76 prudence. PacifiCorp has settled tens of thousands of transactions during 2020, consisting
77 of power physical, natural gas financial, and natural gas physical deals. We developed a
78 sample of 46 broadly representative transactions (including 27 transactions related to the
79 Company's hedging program) and accounting entries and conducted extensive discovery
80 on these transactions. We built on knowledge gained from similar review in previous
81 EBA cases, including three visits (in 2013, 2015, and 2019) by Daymark and Division
82 representatives to PacifiCorp's trading headquarters in Portland, Oregon to meet trading
83 staff and witness energy supply management activity. We were also asked to review
84 certain specific issues related to key drivers of EBA costs. First, we were asked to review
85 the variances in actual wholesale sales revenue and purchased power expense relative to
86 levels forecast for the general rate case and established in Base NPC. Second, we were
87 asked to review the impact of PacifiCorp's fourth full calendar year of participation in the
88 California Independent System Operator's ("CAISO") Energy Imbalance Market

89 (“EIM”). Finally, we were asked to review PacifiCorp’s risk management policies and
90 compliance monitoring practices.

91 **III. Findings and Recommendations**

92 **Q: Can you briefly summarize your findings and recommendations in this proceeding?**

93 A: Our review of forced, maintenance, and extended planned outages at PacifiCorp’s power
94 plants during the EBA deferral period yielded 10 outages that warranted further
95 investigation to determine whether there were any unnecessary increases to Company-
96 wide NPC. Of these 10 outages that warranted additional scrutiny, two outages
97 demonstrated sufficient imprudence that we recommend reducing EBA costs to reflect
98 replacement power costs related to the outages. The total reduction in Company-wide
99 NPC for these outages is \$113,391. The Utah-allocated EBA deferral adjustment related
100 to imprudent outage replacement power costs is \$53,873. Division Witness Gary Smith
101 discusses the impact of this Company-wide NPC reduction on RMP’s requested EBA
102 deferral amount.

103 During our audit of the EBA for the calendar year 2020, we analyzed a sample of all
104 three basic types of transactions: natural gas financials, natural gas physicals, and power
105 physicals. Based upon our review and the information provided by RMP, we do not
106 propose any adjustments to the calendar year 2020 EBA costs for any of these
107 transactions.

108 Based on our high-level review of public reports produced by CAISO supporting its
109 benefits estimates we have found no reason to challenge CAISO’s methodology or its
110 findings that EIM participants benefit significantly from real time imbalance trading

111 facilitated by the market. We find no reason to disagree with the common conclusion of
112 CAISO and PacifiCorp that participation in EIM delivers benefits to PacifiCorp
113 customers.

114 **IV. Conclusion**

115 **Q: Does this conclude your testimony?**

116 **A:** At this time, yes, it does. Should additional or new information become available, we will
117 supplement this testimony as appropriate.